Secst. 11-27—30,006—4-1-52.

Food & Agri. (1952) Department.

MS SERIES.

G.O. NO. 1976

1976

Dated 22/12/1952

Passed
Dr
Subject

[Despatch Abstract.]

Civil Supplies - Rice - South Kanara Dt. — Imports in 1951 by the South Kanara Central Cooperative Wholesale Stores Ltd - Excess Stock realised on standardisation — Recovery of Cost - Refund - Orders

Board of Revenue (Civil Supplies)

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SUB:RICE - South Kanara District - Imports in 1951 by the S.K.C.C.W.Stores - Excess - Stock realised on standardisation - Recovery of cost - Refund.

Board's Ref.No.105399/CI(2)/52 (CS) Dated 4-10-1952.

From

Sri. L.V. Subramanian I.C.S.,
Commissioner of Civil Supplies.

Janab K.Ghulam Mahmood I.A.S.,
Secretary to the Commissioner of
Civil Supplies.

FOOD AND AGRICULTURE DEPT. 4 OCT 1952

Read:-1.From the S.K.C.C.W.Stores No.42/52-F dated [illegible]
2.From the Collector of South Kanara C.2/10921/52 dated 1-7-1952.

---65355

In their letter cited, the S.K.C.C.W.Stores requested the Board for the refund of a sum of Rs.13798-14-2 being the excess collections recovered from them (towards the cost of 651 maunds 1 seer of rice noticed found excess in their stocks) or at least refund a sum of Rs.10511-7-2 being the cost of shortages suffered by them due to standardisation.

2. The Collector of South Kanara who was asked to report whether the standardisation was done under his orders and whether it was supervised by the Government Officials has reported that it was done as per his orders and also supervised by Government Officials. The Collector has further recommended that the actual deficits sustained by the S.K.C.C.W.Stores may be reimbursed to them taking the transactions of the whole year into consideration and in view of the fact that a large sum has been appropriated to the Government as excess collections.

3. The Board agrees with the Collector of South Kanara and submits that the shortages found by the Stores should have been genuine. The Board therefore requests the sanction of the Government for the reimbursement of the cost of the shortages suffered by the S.K.C.C.W.Stores amounting to Rs.10511-7-2 to the Stores from out of the amounts recovered from them on account of excess found in stock.

for Secretary.

To The Secretary to the Government, Food and Agriculture Department, Fort St.George, Madras. (with enclosure)

Copy to the Collector of South Kanara.
Copy to A. Section.
Copy to Accounts Section.
Copy to Chief Accounts Officer.

tbj71052.

Copy of Rc.42/52-F dated 18-6-52 from the South Kanara Central Cooperative Wholesale Stores Ltd, Mangalore to the Commissioner of Civil Supplies, Madras.

Sub:-Civil Supplies - Rice - Imports in 1951 -
Excess stock realised on standardisation -
Recovery of cost - Refund - Orders requested.

In the year 1951 during the period from May to October we imported 284568 maunds 28 seers of rice and 51320 maunds 31 seers. of paddy from allotments made. Out of this 90795 maunds 21 seers of rice and the entire stock of paddy was taken by this Stores under the quotaholders account and the balance stock of 193773-09 maunds rice on Government account. A major portion of the stocks received on Government account had to be standardised into uniform bags before issue, owing to the unevenness of the bags consigned. Shortages and excess have resulted consequent to standardisation of stocks. When we represented to the Collector that shortages have occured in the consignments received on their being standardised due to reasons beyond our control, the Collector turned down our claim on the stock ground that the agent is responsible to pay the cost as per invoice of the despatcher and any shortage that has occured after taking delivery of stocks by the agent should be borne by himself as it is'incidental to trade'. But in cases where excess stock was realised by this Stores in the process of standardisation, the cost of excess realised was promptly collected and remitted to the Board. Please vide Collector's references in respect of the following quotas (copies enclosed):1.(P2,13171-51 dated 22-11-51, 2.P.2.15181/51 dated 28-9-51. Our repeated representation that excess realised should not be grabbed at, but must need be left to us to enable us to arrive at an ultimate equilibrium in trade by an internal set off of the shortages to excess, had no effect. In two cases of shortages recommended by the Collector to be allowed to us for adjustment to excess collections realised, the Board turned down the recommendations. I submit the following in this connection for favour of your kind consideration and orders.

1.That out of the total stock of 284568 maunds 28 seers of rice and 51320-31 maunds of paddy we realised under five quotas 654 maunds and one seer of rice as excess and under nine other quotas suffered a shortage of 604 maunds and 22 seers of rice. Cost of excess stock realised amounts to Rs.13798-14-2 and shortages to Rs.10511-7-2 in respect of rice. The cost of excess of 7-38 mds. of paddy is Rs.89-1-0. A statement showing the different consignments received and excess and shortage realised is herewith appended for reference.

2. The imported stocks received on Government account was being despatched by agents appointed by the Government from the Port. The stocks are filled in bags of different sizes at random on receipt from the steamer and consigned without correct weighment - only wagon-weighment being made and M.M.s marked as "said to contain". The empty gunnies used are invariably bad and much used ones, resulting in considerable loss of spillage on transit. These stocks had to be taken delivery of by the agent at the receiving end "as received". Delivery is not made even on the basis of test weighment. Thus we are made responsible for the stocks from the time of its despatch; though the stocks are consigned in the name of Reception Officials. The stocks received in the manner have to be necessarily standardised into uniform bags of a particular weight before issue on transfer to the moffusil areas. The process of standardisation usually results in shortages although excess also do accrue sometimes. The stock agreement stood out to this stores for the following shortages is that the agent is responsible to account for the invoice weight as per Despatch Advice and Government cannot allow shortages at

it is 'incidental to trade'. To say in the same breath that excess realised is an extraneous income creditable to Government and not 'incidental to trade' as in the case of shortage is unjust, ill logical and unreasonable.

3. At the beginning of the Import season in the year, stocks were issued at some of our depots without properly accounting for the weight of the gunny, despite specific orders to that effect. The retailers who took delivery of the stocks, now come forward with their claims and we are legally bound to pay them. We have allowed a refund of Rs.130-12-3 to one retailer being differential amount on consignments of rice issued without making allowance for the weight of the gunnies. Claims of other retailers are coming in and under scrutiny. Excess stock accounted for by us being also due to this factor, refund made by us is an additional loss as cost of excess realised has already been recovered from us.

4. It is strange that because we furnish final accounts to the Collector in respect of rice quotas, the cost of excess realised is demanded and recovered, whereas we are not called upon to submit final accounts in respect of other foodgrains such as wheat, milo etc. We are made responsible topay cost only for the invoice weight and the Government is not concerned over the actual sales. It is not understandable, therefore, that merely because a correct final account is submitted, the cost of excess stock realised is held creditable to Government whereas Government finds under no obligation whatsoever to allow shortages.

5. We represented the matter to the Collector on the above lines, but the Collector turned down our claims summarily saying that there is no provision to entertain claims of shortages and excess realised is creditable to Government. On asking for the authority on which the Collector's ruling was based, he referred us to the following two references.

not in file 1. Ref.D.Dis.30363/49 dated 27-6-50 from the Collector S.K. to the Secretary to the Commissioner of Civil Supplies.

not in file 2. Board's Ref.No.216053/VI(3)/51/CS dated 4-1-1952.

Copies of these references are herein enclosed for your ready reference.

a) The firstreference deals with the question of excess collections accruing on account of the difference between the tentative prices adopted in the initial stages and the actual release rates subsequently fixed on the rexleases of certain import quotas of rice. Exigencies of the hour necessitates releases of stocks at tentative rates, lest the delay that must necessarily follow to fix the correct release rates should bring about a breakdown in rationing. Such issues might either bring in excess collections or short collections on sales or their subsequent regularisation by the application of the correct rates. The Stores cannot lay any claim to the excess realised under such sales. Neither can it be denied recoupment of any short collections. As a mater of fact, this stores has not put forth any claim on such excess, recoveries throughout the period of its agency so far. Such excess collections are remitted to Government and short collections are being permitted by Government to be got recouped by the Stores. The Stores has no grievance whatsoever in this respect.

not in file b) In the Board's Ref.No.216053/U2/CS dated 4-1-52, the issues discussed are on the inadvisability of allowing to the agent flat rates in lieu of actual rates in the matter of incidental charges as the former may result in some extra income over and above the commission allowed to the agent. But there is nothing in this reference bearing on the question of the treatment of the excess result on standardisation of stocks.

6. The fact that the issues covered by the above two refer-

contd....3.

references have no bearing on the points raised by the Stores was brought to the notice of the Collector stating the point in issue thus:--

"Whether the Government while enforcing its legitimate right to the recovery from the Stores of excess accruing from different standardisation of various incoming quotas has not also to see that due justice is meted out to the agent when shortages accrue on the standardisation of stocks of certain quotas."

We further represented that our plea was that the same setof circumstances that give rise to excess in some cases lead to shortages also. Shortages on standardisation are disallowed and cost collected from the Stores on the stocks consigned as per despatchers invoice on grounds that such losses are "incidental to trade". Is not excess realised by way of a similar process also incidental to trade? Why should the excess realised alone be taken into account and demanded as extraneous income to Government? If the authorities are not prepared to accept the shortages on standardisation, excess realised also must be let alone to enable the agent to arrive at an ultimate equilibrium in trade. It is hard and unjust that curiously conflicting one-way arguments should be employed to our detriment. We submitted further that atleast adjustment of shortages towards excess realised may be allowed, if the entire cost of excess collected cannot be refunded. The orders of the Collector were as below:

"There is no provision to compensate the S.K.C.C.L.Stores for shortages found on standardisation. Such losses should be met by the Stores themselves."

7. I submit in this context that the Collector has not considered our representation properly, in as much as our main claim to refund cost of excess realised has not been dealt by him. Though in two instances the Collector recommended to the Board to allowxxshortages on standardisation by adjustment to excess collections under Vijayawada quota of rice, he dismissed our claim stating as above. In reply we pointed out stating that there is provision for allowing shortages by ordering either (1) refund of the cost of excess realised to cover the proportionate cost of shortages suffered or (2) by adjustment of the cost of shortages towards excess collections made in respect of other quotas as already recommended under the following instances:

I. Adjustment of cost of 64-10 maunds shortages - collector's D.Dis.24880-51 dated 22-4-52.

II. Adjustment of cost of 29-02 maunds shortage - Collector's P.2.25546/51 dated 22-4-52.

We further submitted that Government will not be put to any loss by adopting either procedure. On this representation we received orders that the Board has disallowed the adjustment recommended by the Collector in the above references.

8. I am, therefore, submitting this appeal for a kind and favourable consideration of the claim of the xxxxx stores. The total cost of excess stocks realised amounts to Rs.13798-14-2 in respect of import quotas in 1951 and loss to the Stores by way of shortages is Rs.10511-7-2. If the Board is not pleased to refund the recoveries made in respect of excess stocks realised in entirety though equity and justice demand that it should be so, it may atleast refund to the extent of shortages suffered us as we do not seek to make any undue profit.

9. I submit in this context that we are not allowed any allowance for shortages in transit, on standardisation or shrinkage though it is understood that an allowance of two annas per maund is given to other districts in this behalf. We stand to lose thereby sum of Rs.41986-3-0 in the transaction of 1951 as detailed below:

cont.....

6

1. Shortage allowance on 284568-28 mds. rice at 0-2-0 per maund. 35571--1--5
2. Shortage allowance on 57320-31 mds. at 0-2-0 per maund. 6415--1--7

Rs.41986--3--0

10. I am herewith appending a list showing the consignments of rice received in the year 1951, the excess and shortages realised on standardisation and the recoveries made. I request that this representation may kindly be considered in its true merits and justice meted out to this Stores by ordering refund of the recovery of cost of excess as otherwise this Stores stands to lose to the extent of shortages suffered which cannot be provided for from the small margin of profit allowed.

sd/----------
President.

/True Copy/

P.S. Subramaniam
Superintendent

Please file T.F.
21/X/52

T.07

To Bd. of Rev. (C.S.) Food & Agri. (A) Secy.

From Bd. of Rev.

Memo No. 65385/52/1 dated 21/X/52

T. Dy. Secy. 23/X/52.

Sub: C.S. - Foodgrains - Rice - South Kanara district. Imports in 1951 by the S.K.C.C.W. Stores - Excess stocks realised on standardisation - Recovery of cost - Refund.

Ref: From the Bd. of Rev (C.S) No. 105399-U1(2)/52 dated 4.10.52.

—x—

The Bd. of Rev (C.S) is requested to furnish a copy of the letter No. R2-16921/52 dated 1.7.52 from the Collector of S. Kanara, cited in its reference above.

Secy. 20.10.52.

21/X/52

To the Bd. of Rev (C.S)
[R.D. 4.11.52]

BOARD OF REVENUE (CIVIL SUPPLIES)

9

SUBJECT:

FOOD GRAINS - Rice - South Kanara District - Import in 1951 by the S.K. Central Cooperative Wholesale Stores - Excess Stock realised on standardisation - Recovery of cost - Refund.

- -

Board's Ref. No.105399/UI(2)/52 CS dated 24.10.52.

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From

Sri M.V. Subramanian, I.C.S.,
Commissioner of Civil Supplies.

Janab K.Ghulam Mahmood, I.A.S.,
Secretary to the Commissioner of Civil Supplies.

ASSISTANT SECRETARY
31 OCT 1952
FOOD AND AGRICULTURE DEPARTMENT

Ref: Post Copy of Telephonic Message No.65385/A/52/1 Food and Agriculture Department, dated 21-10-52.

-x-x-

The Board submits a copy of the letter No.R2/16921/52 dated 1-7-52 from the Collector of South Kanara.

for Secretary.

To: The Secretary to Government, Food and Agriculture Department, Madras (with encl.)

Tsn.24.10.52

Copy of RC.16921/52 dated 1-7-52 from the Collector of South Kanara to the Secretary to the Commissioner of Civil Supplies, Madras.

-x-

Sub: Civil Supplies - Rice - Imports in 1951 - Excess stocks realised on standardisation - recovery of cost - Refund.

Ref: 1) Rc.42/52 Food dated 16-6-52 from the President S.K.Central Cooperative Wholesale stores, Mangalore.
2) Memo dated 1-3-52 submitted by the President, S.K.Central Cooperative Wholesale Stores, Managalore to the Commissioner, Civil Supplies. copy enclosed.

-x-x-x-

The President, S.K. Central Cooperative Wholesale Stores, has raised the following points in the references cited:-

1) That the excess collections made by the Stores should not be appropriated by the Government and that if such excess is to be appropriated the shortages resulting from standardisation may be compensated from such excess collection.

2) That shortage allowance at 0-2-0 per md. may be allowed on all Imports of rice as in other districts.

3) That immediate payment of the cost of wheat should not be insisted upon.

4) That the allotment of 600 tons of wheat Ex. S. S.Tocoma City may be cancelled.

5) That the orders issued in Board's Ref. 28306/52-A2 CS dated 6-6-52 regarding the recovery of certain items of expenditure export of rice and paddy to Malabar in 1949-50 may be reconsidered.

6) That a similar claim in respect of export to Malabar in December, 1950 disallowed may be reconsidered.

Item No.1. In Board's Ref.No.45000/51 CS dated 10-7-51 it is clearly said that standardisation is nothing but transferring the contents into uniform bags to equalise all the bags and that the wholesaler is not entitled to any compensation for shortages in standardisation. However as large amount has been appropriated by Govt. as excess collections the actual deficits sustained by the Stores may be permitted to be reimbursed to the Stores taking the transactions of the whole year into consideration.

Item No.2: Regarding shortage allowance a separate report has been submitted in this office Ref. R2.12012/52 dated 30-6-52.

Item No.3: The Board in its L.Dis.74133/H/52 CS dated 21-5-52 has declined to accept the proposal of the Stores to pay the cost after 3 months. I recommend that this may be re-examined in view of the long period of storage involved.

Item No.4: TheCommissioner of C.S. during his camp at Mangalore has asked the stores to accept this allotment on agency basis and the President S.K. Central Cooperative Whole sale stores has agreed to do this.

Item No. 5: The question was considered by the Board and orders were issued it its Ref. 28306/52 A2 CS dated 6-6-52 I recommend that the matter may be reconsidered.

Item No.6: I invite attention of the Board to his Office Ref. 7 2/52 in which the Board was requested to consider the claim favourably.

Sd. xxx
for Collector.

(True Copy)

Superintendent 29/X/52

Food & Agri.Dept.(A).

Sub:- C.S. - Rice--South Kanara District--Imports in 1951 by the South Kanara Central Co-op Wholesale Stores Ltd--Excess stock realised on standardisation--Recovery of cost - Refund - Ordered.

Read:- From the Bd.of Rev.(C.S.)No.105398-UI(2)/52 (CS) d. 4-10-52.

G.O.Ms.No. 1976 F&A Dated 22-12-1952

In the circumstances reported by the Board of Rev.(C.S.) in its ref. cited, the Govt. accept and its recommendation and sanction the ~~reimbursement~~ refund of a sum of Rs.10,511--7--2 (Rupees Ten thousand five hundred and eleven and annas seven and pies two only) to the South Kanara Central Co-op.Wholesale Stores Ltd., representing the cost of shortages ~~of~~ in noticed in the imported consignments of rice due to standardisation, from out of the amount already recovered from the Stores on account of excess found in certain other consignments.

To
The Bd.of Rev.(C.S.)
The Bd.of Rev.(C.S.Accts.Branch).
The R.C.S., Madras.
The Collr. of Malabar & South Kanara
The A.G.Madras, thro' Fin.Dept.
Copy to S.F. with enel. copy of p.1 of
S.Cs.2.

FIRST ASSISTANT SECRETARY 31 DEC 1953 AGRICULTURE DEPARTMENT

BOARD OF REVENUE(CIVIL SUPPLIES)

From
Sri P. SIVASUBRAMANIAN PILLAI, I.A.S.,
Secretary to the Commissioner of Civil Supplies, Chepauk, Madras.

To The Accountant-General, Madras. (with encl.)

Board's Letter No. 138805-A2/53(CS)d/28.12.53.

Sir,

Sub: South Kanara district - Audit report of the Accountant-General on the account for 1951-52 - shortage on rice - report submitted -

Read: i) Audit Report of the Accountant-General's extract of para III and IV on the account of the Collector of South Kanara(1951-52)

ii) From the Collector of South Kanara No.8762/53 B1. d/30.5.53.

iii) From the Collector of South Kanara No.16921-52-B2 d/27.11.53.

With reference to paras III and IV of the Audit report referred to above, I am to enclose copies of the letters cited of the Collector of South Kanara.

Since the Collector of South Kanara has reported that the standardisation was done under official supervision and that there was no reason to doubt the genuineness of the shortages, I am to request you to drop the objection.

for FOR SECRETARY.

Copy to the Collector of South Kanara.
Copy to the Secretary to Government, Agriculture Department Madras(with encl.)

The objection of the Accountant-General, Madras relates to the refund sanctioned by the Government in G.O.No.4s.1976 F.& A. dated 22.12.52.

Copy to Accounts Section and U4 section (with encl.)

sk.28/12

Extract of para I&I and IV of the Audit Report of the Accountant-General on the accounts of the Collector of South Kanara (1951-52) from file No.5(313/53 L&I.

Para I&I:

Omission to advise consignors where excess quantity of foodgrains was received.

Substantial quantities of excess receipts of stock of rice where noticed in the consignments received ex.s.s. Kenya and s.s. Andia between May, 1951 and July, 1951. In quality 26105 mds. and 35 srs. and 26521 mds. and 13 srs. stated to have been consigned from Cocanada, excesses to the extent of 375 mds. and 0 srs. and 250 mds. and 0 srs. were noticed according to the statement furnished by the South Kanara Co-operative Wholesale Stores. As these quantities of rice were received on Government account, the Department concerned with any difference that may exist between the quantities stated to have been sent according to the despatch advices of the consignor and the actual quantity received by the stores. The money value of these two excesses aggregate to Rs.13,277-0-11 (6015-5-3 plus Rs.7261-11-8) The Collector has initially recovered the cost of these excesses from the stores at the time of finalising the accounts; but subsequently however, when stores had pointed to the Board to set-off some items of losses in transit and losses in standardisation in other consignments, Government agreed to their request in their G.O.No.s.1976 Food and Agriculture dated 22.12.1952.

p13q(2)

In cases where excess receipt of foodgrains is noticed the despatching centres should invariably be informed of it with a view to enable them to investigated whether the quantity sent to other centres had been noted short, especially as the weights of foodgrains are stated to have been remitted cent per cent initially. As a result of the omission to send such an advice to the consignor, the excesses have been allowed to stand in the records of the Collector, so that at a later stage the South Kanara General Cooperative Wholesale Stores to whom there is ordinarily no facility to learn as to what quantity has been noted in the despatch advice sent by the consignor have based their claim for the refund of the value of these excesses.

It is therefore considered necessary that excess receipts of foodgrains are invariably reported to the consignors in future for investigation. This also indicates that weighment of foodgrains whenever received is not being done properly by the subordinate staff.

Para IV: Irregular admission of an inadmissible claim for reimbursement of loss on account of shortage in standardisation:

According to the amended despatch advices sent by the Reception Deputy Tahsildar, Mankikade the net weight of the quantity of rice despatched by him from out of the shipment s.s. Jeridan in November, 1951 was 27,348 mds. 4 srs. The South Kanara General Cooperative Wholesale Stores reported in their letter No.Mc.102/51-r dated 4-4-52 that the gross weight (as per Railway receipts) of this consignment comprising 13,240 bags was 27,620 mds. The tare weight of each empty bag is stated to be 1.6 lbs. where boiled rice was received and 2.1 lbs. where raw rice was received, according to the

18

despatch advices sent by the consignor. The net weight of rice for these 13249 bags should approximately be equal to the weight (net) stated to have been consigned by the Reception Deputy Tahsildar, Kozhikode (viz. 27,348 4 srs.)

The Stores had however, reported in their letter dated 4.4.52 that only 27,017 mds. and 20 srs. have been realised after standardisation. It is not clear how such a huge shortage of 330 mds. and 24 srs. could have arisen as a result of standardisation, since standardisation only filling all the bags with equal weight of the total available quantity. The Collector has initially recovered the cost on account of the shortage from the Stores. But later the Stores have represented to the Commissioner of Civil Supplies in their letter dated [illegible] that this loss should be made good to them. The total value of the reported shortage in this case is Rs.5351-7-2. Government in their G.O. No.1976 Food and Agriculture dated 22.12.[illegible] have sanctioned the reimbursement to the Stores of the value of this shortage. The full facts of the case should again be reported to Government detailing the circumstances mentioned above for reconsideration of the case before the amt. is refunded.

28/1/53

TRUE EXTRACT

SUPERINTENDENT

19

Copy of the Ref:C.No.8762/53 R.I. dated 30.5.53 from the Collector of South Kanara, Mangalore, to the Accountant-General, Madras through the Secretary to the Commissioner of Civil-Supplies, Chepauk, Madras.

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Sub: Accounts - Audit report on the accounts relating to the State Trading Schemes - Rice and other Grains mentioned in the Civil Supplies Branch of the office of the Collector, South Kanara , Mangalore.

Ref: Accountant-General's No.O.A.36-4-12/53-54 d/8.4.53.
Board's Ref:No.50313/L.XI d/22.4.53.

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Replies to the objections noted in the Audit report are submitted below:-

~~OMISSION TO THE OBJECTION NOTED IN THE AUDIT REPORT~~
Omission to advice consignors where excess quantity of food-grains was received:-

Standardisation of overseas rice delivered to the Stores was done under the orders of the Collector and supervised by Government officials. The re-imbursement of loss sustained by the Stores on actual deficits on other quotas was recommended to the Board, taking the transactions of the whole year into consideration and in view of the fact that a large sum has been appropriated to Government as excess collections. The reimbursement of the cost of the shortages suffered by the S.K.C.C.W.Stores Ltd., Mangalore viz. Rs.10,511-7-2 was recommended in Board's Ref:No.105399-UI(2) CS. dated 4.10.1952, and sanctioned in G.O.Ms.No.1976 Food and Agriculture dated 22.12.52 from out of the amount already recovered from the Stores on account of excess found in certain other consignments.

The instructions regarding issue of intimation to the consignors about excess receipts of foodgrains will be followed in future. However, this can be done only after the standardisation of the entire stock is completed.

2. IRREGULAR ADMISSION OF AN INCORRECT CLAIM FOR RE-IMBURSEMENT OF LOSS ON ACCOUNT OF SHORTAGE IN STANDARDISATION:-

The report under para (1) may be perused. It is not possible to say at this distant date how exactly the shortage noticed in the consignment from out of the shipment s.s.Havildar had arisen. Though the wholesalers are not entitled to compensation for shortages in the present case reimbursement of the loss to the S.K.C.C.W.Stores Ltd., Mangalore was recommended, taking the transaction of the whole year into consideration. The shortage noticed might have been due to shrinkage and dryage of foodgrains which depends on seasonal factors, the period of storage condition of storage etc. The amount in question has not yet been refunded to the Stores. Board's Ref:No.50938/53-1 Accts. L.VII-3 d/11.4.53 in which remittance particulars were called for has been replied to in this office letter Ref:C.No.16921/52 R.2 dated 1.5.53. The Board will be addressed to scrutinise the claims in the matter.

(TRUE EXTRACT)

28/10/53

SUPERINTENDENT

Copy of Ref:C.No.16921-52-B2 dated 27-11-53 from the Collector of South Kanara, Mangalore, to the Secretary to the Commissioner of Civil Supplies, Madras 5.

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Sub: Rice - South Kanara district - Audit report of the Accountant-General on the accounts for 1951-52 - shortages on rice - report submitted.

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Ref: — This Office letter Ref:C.No.3762/53-R1 dated 30.5.53.
Board's Ref:No.138805-A2/53 dated 4.11.53.

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The main points urged in the appeal petition RC.No. 42/52 F. dated 18.6.52 of the S.K.C.C.W.Stores, Ltd., Mangalore were that, while standardizing the rice stocks received in 1951-52 shortages occurred on account of spillage etc. and that inasmuch as excess amount realized in standardization of stocks was recovered from the stores and treated as extraneous receipt to Government, it was but proper and equitable that shortages suffered by the Stores should be likewise compensated. In this office letter Ref:C.No.16921/52-B2 dated 1.7.52, reimbursement of the value of actual deficits suffered by the Stores was recommended on the ground that a sum of Rs.13,798-14-2 had been appropriated by the Government as excess collections and after taking into consideration the transactions of the whole year-

and deficits had occured, that the Stores were made responsible for the invoiced weight notwithstanding the fact that the shortages

2. A perusal of the rice allotment file shows that the stores accepted the gross weight of 13,240 bags as 27,620 mds. as noted in Form No.7 advices according to usual practice. The entire stock of rice under this allotment was received in the first week of November 1951 andstandardization work was taken up early in December 1951. Rice under this allotment was received only at Mangalore centre where storage facilities are satisfactory. The result of test weighment of rice bags taken at random held by the Rec.Tahsildar, Mangalore showed that the bags were not of uniform weight and so standardization of bags under the supprvision of the Rec.Revenue Inspector, Mangalore was ordered by the Collector.

3. I submit that even by adopting the correct method of standardisation viz. by refilling the bags with uniform weight without emptying the whole contents, it is possible that the shortage of 330.24 mds. out of 27,348-04 mds. consigned/reported in this case might have occurred considering the fact that an excess of 375.09 mds. out of a quantity of 26195-30 mds. was realized in another allotment of rice Ex.s.s. Pegna in the same year. Moreover the consignor had noted the remarks" cent per cent weighment taken" only in one despatch advice and as such it is not known whether the entire stock of 1000 tons of rice was despatched to this District after cent per cent weighment. Anyway, as the standardization was supervised by Govt. Officials under Collector's orders, there are no reasons to doubt the genuineness of the shortage. I, therefore, consider that there are no grounds for reconsideration.

Sd. x x
FOR COLLECTOR.

22
8

22073 Agri/53

Accts

Agri (Accts)

29 A.S.

Opn 1-7:- Submitted for perusal.

This is only a copy of the letter addressed by the Regd to the A.G. Madras.

May be lodged and added to G.O. No. MS. 1976 Fin d. 22-12-52 after perusal by Fin Dept

Sd
4-1-54

WD
5/1/54

Fin

Agri w.o.no.
22073 Agri/53
A.S. d. 6-1-54
Fin

Finance (Accounts):

May be perused.

NR
9.1.54

Opn
A
6/1/54

A
12/1/54

Agri

Lodged & add to (2)

WD
18/1/54

ADDITIONAL DEPUTY SECRETARY TO GOVERNMENT
1663
6-JAN1954
Accts
FINANCE DEPARTMENT

Fin w.o. 1663 Accts/54-7
12-1-54
5452 dy
18-1-54

FIRST ASSISTANT SECRETARY
18 JAN1954
AGRICULTURE DEPARTMENT

Agri (1)
A
18/1/54

[C.No. 65385A/52]

Food and Agriculture (A)

Sub: C.S. - Foodgrains - Rice - South Kanara district - Imports in 1951 by the S.K.C.C.W. Stores - Excess stock realised on standardisation - Recovery of Cost Refund.

Ref: From the Bd. of Rev(C.S) No. 105399-U1(2)/52 (C.S.) dated 4.10.52.

The Board's reference in the c.f. may be perused.

It is reported that the S.K.C.C.W. stores have suffered shortages to the value of Rs. 10,511-7-2 due to standardisation and that the standardisation was done under the orders of the Collector and in the presence of Govt. officials. The Board reports that the Collector has recommended that the actual deficits sustained by the S.K.C.C.W stores may be reimbursed to them taking the transactions of the whole year into consideration. The Board, however, has not furnished a copy of the Collector's letter referred to in its reference. The Board may be asked to furnish a copy of the Collector's letter. ~~Subject to orders in the proposals~~. Subject to orders a draft ~~memo~~ is submitted for approval

20.10.52

21/10

p.7 cf

Issued as T.N.M. 65385-A/52-1, 21/X/52 to the Bd. of Rev(CS)
From the Bd. of Rev/CS/Reg. No. 105399/U1/(2)/52 C.S.
dt 21/X/53

pf 9-11 cf

PDD

2/ To A.S.

In the year 1951, the South Kanara Central Cooperative Wholesale Stores Ltd., Mangalore imported 284568 maunds 28 seers of rice and 51320 maunds 31 seers of paddy from allotment made. ~~But of two~~ But of this, 90795 maunds 21 seers of rice and the entire stock of paddy was taken by the stores under the quota holders account and the balance stock of 19377-09 ~~co~~ maunds of rice on Govt. account. The Stores states ~~in it~~ that a major portion of the stocks received on Govt. account had to be standardised into uniform bags before issue, owing to the unevenness of the bags and it realised under five quotas, 651 maunds and 1 seer as excess and under ~~rice~~ nine other quotas ~~supplied~~ suffered a shortage of 604 maunds and 22seers of rice. The cost of excess stock of 651 maunds and 1 seer (i.e.) Rs.13,798-14-2 was collected and remitted to the Board. The Stores states that ~~the stores~~ it incurred a loss of Rs.10511-7-2 towards the shortages ~~suffered by them~~ due to standardisation and requests for the refund of ~~the~~ sum of Rs.13798-14-2 being the cost of excess collections recovered from them or at least refund of a sum of Rs.10511-7-2 being the cost of shortages suffered by ~~them~~ it in the transaction. The Stores contends that the excess realised by it alone should not be taken into account and demanded as extraneous income to Government and that if the authorities are not prepared to accept the shortages arising out of standardisation, excess realised also must be let alone to enable the Stores to arrive at an ultimate ..... equilibrium in trade.

The Collector of S. Kanara has reported that shortages to the value of Rs.10,511-7-2 were suffered by the Stores due to standardisation. He has also reported that the standardisation was done as per this order and also supervised by Govt. officials. He has therefore recommended that the actual shortage sustained by the Stores consequent on standardisation may be reimbursed to it taking the transactions of the whole year into consideration in view of the fact that a large amount has been appropriated to the Govt. as excess collections. The Board has agreed with the Collr. and recommends the reimbursement of a sum of

M - p.3 cf

"

D - p.3 cf

M - p.3 cf

D p.5 cf.

p.11 cf & Para 2 - p.1 cf

M - p.11 cf

S - p.1 cf.

Rs.10,511-7-2 to the Stores representing the cost of shortages of foodgrains from out of the amounts recovered from the stores on account of excess found in stock.

Kind attention is invited to the orders issued in G.O.MS.NO.1552, F.& A. dated 2.8.51 and 1659, F.& A. dated 25.10.52, where the principle of adjustment of certain losses sustained by certain Co-operative institutions against the excess collections made by them has been conceded except in the case when the loss arose out of the action of the Stores itself. But the questions dealt with in these orders related to prices and losses and excess arising out of wrong fixation of release prices. In the case of the P.C.C. Society, Ponnani, the Govt. ordered that shortages noticed after the delivery of consignments are the responsibility of the society and losses arising therefrom should be borne by the Society.

The points for consideration in this file are:

(1) whether ~~the~~ in principle, ~~of~~ any shortage arising out of standardisation can be reimbursed to the Stores; and;

(2) whether the reimbursement of the shortages due to standardisation in the case under consideration can be ordered from out of the amounts recovered from the Stores on account of excess found in the stock, taking the transactions of the whole year into consideration as recommended by the Collector and the Board.

Point (1) above: There is no provision for the recoupment of shortages due to standardisation. If shortages are to be reimbursed, then cases may arise when wholesalers may come up with claims frequently.

Point (2) above: The Board's recommendation may perhaps be accepted as a special case and particularly because, the standardisation is reported to have been done as per the orders of the Collector and supervised by Government officials.

After orders are passed, the Case may be sent to Dev. & Finance for remarks, if any

F&A 6/11/52 Dev 6.11.52

When standardization is done under the orders of the Officers of the Govt & control thereof Supervision as in this case, it is but reasonable that the charges should be compensated, especially as we have omitted to levy charges from the Consignments. The F&A's proposal may be accepted. | A

Dy/Fin 7/11/52 Dy/Fin

Food & Agriculture
65835-A/52-2
8/11/52 Dev
12705 Dy/-

Dev (B II) Deptt

To A.S

The notes of F&A from p2 above may be perused. This Deptt may agree with F&A to the proposal at 'A' above and the file passed on to Fin.

11/11/52 15/11/52

FIRST JOINT SECRETARY TO THE GOVERNMENT DEVELOPMENT DEPARTMENT 11 NOV 1952

97418

Fin

D.O. No. 12705 B II/52-1

Fin (PWR)

ASSISTANT SECRETARY FOOD AND AGRICULTURE DEPARTMENT 21 NOV 1952

Notes from p2 ante may be read. 21-11-52

Fin may agree to the proposal of F&A at A above. (This proposal involves the payment of Rs 10,500/- to the stones)

22/11/52 Dev 24/11/52

RL 26/11/52 Dy/-

ADDITIONAL DEPUTY SECRETARY TO THE GOVERNMENT 885/3 17 NOV 1952 PWR. FINANCE DEPARTMENT

Fin U.O. 85513 PWR-I. 26/11/52

Food & Agri.Dept.(A).

NOTE FOR CIRCULATION.

The case deals with the proposals of the Bd.of Rev.(C.S.) for the reimbursement to the South Kanara Central Co-op.Wholesale Stores Ltd.,Mangalore, shortages to the value of Rs.10,511-7-2, suffered due to standardisation, of imported Stocks.

In the year 1951, the South Kanara Central Co-op. Wholesale Stores Ltd.,Mangalore imported 284568 mds.28 seers of rice and 51320 mds.31 seers of paddy from allotments made. Out of this, 90795 mds.21 seers of rice and the entire stock of paddy was taken by the stores under the quota holders account and the balance stock of 19377-09 mds. of rice on Govt. account. The stores represented that a major portion of the stocks received on Govt. account had to be standardised into uniform bags before issue owing to the unevenness of the bags and it realised under five quotas 651 mds. and 1 seer as excess and under nine other quotas suffered a shortage of 604 mds. and 22 seers of rice. The cost of excess stock of 651 mds. and 1 seer (i.e.) Rs.13,798-14-2 was collected and remitted to the Board. The Stores stated that it incurred a loss of Rs.10511-7-2 towards the shortages due to standardisation and requested for the refund of the sum of Rs.13,798-14-2 being the cost of excess collections recoverdd from them or at least refund a sum of Rs.10511-7-2 being the cost of shortages suffered by it in the transaction. The stores contended that the excess realised by it alone should not be taken into account and demanded as extraneous income to Govt. and that if the authorities are not prepared to accept the shortages arising out of standardisation, excess realised also must be let alone to enable the stores to arrive at an ultimate equilibrium in trade

The Collr.of South Kanara reported that shortages to the value of Rs.10,511-7-2 were suffered by the Stores due to standardisation and stated that the standardisa

6

6533/56/Q:

was done as per his order and also supervised by Govt. officials. He accordingly recommended that the actual shortages sustained by the Stores consequent on standardisation may be reimbursed to it taking the transactions of the whole year into consideration in view of the fact that a large amount has been appropriated to the Govt. as excess collections. The Bd.of Rev.(C.S.) has agreed with the Collr.of South Kanara and has recommended the reimbursement of the sum of Rs.10,511-7-2, to the Stores representing the cost of shortages of foodgrains from out of the amounts already recovered from the stores on account of excess found in stock.

Para 2. p1 ¶

M p.11 cf

S p.1 cf

As standardisation was done under the orders of the Collr. and supervised by Govt.officials and as it appears reasonable that the shortages should be compensated especially when the Govt. have collected the cost of excess found in other consignments, it is proposed to accept the Board's recommendation to reimburse a sum of Rs.10,511-7-2 to the Stores from out of the amount recovered from the stores on account of excess found in the stock.

Bodies at p 4 above

M

Dev. & Finance have agreed to the proposal of this Dept. at 'M' above.

p.4 above

The case may be circulated to M.(Fin.) and M.(Co.) for approval of the proposal at 'M' above:

28/11/52 Ans 28.11.52

WB 2/12/52

RM Sundaram 1/12/52 M

Seshaiyamma M (Fin) 5.12.52

3-12-52

6.12.52

A. Sanjivayya M C O 5/12/52

WB 7/12/52

(p.t.o)

WB 8/12/52

Food & Agri (A) Dept

D.O.

Orders in circulation on the bottom of p. 6 above may be passed.

A draft order is submitted for approval. Fin may perhaps see before issue. for acceptance.

GAD 8/12/52 Am 8.12.52

8/12/52 S (Fin

Food & Agri (A)
65385-A/52-3
9/12/52

Fin (PWR)

(Persons Fin note on p. 4 above)

The orders in circulation on p. 6 above and the draft order below may be accepted and the case returned to FDA.

ADDITIONAL DEPUTY SECRETARY TO GOVERNMENT
10 DEC 1952
PWR
FINANCE DEPARTMENT

No Advt
15/12 16/12/52

AL
17/12/52 for A

Fin. Memo 9258/PWR-1/52
9/12-12-52

ASSISTANT SECRETARY
18 DEC 1952
FOOD AND AGRICULTURE DEPARTMENT

82033

Food & Agri (A)

D.O.

[Notes of Fin. above]

The draft order below which has been accepted by Fin. may now issue.

GAD 18.12.52 Am
18/12/52

19/12